

**City/County Association of  
Governments of  
San Mateo County**

Redwood City, California

*Single Audit Reports*

*For the year ended June 30, 2025*

**City/County Association of Governments of  
San Mateo County  
Single Audit Report  
For the year ended June 30, 2025**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

*Independent Auditor's Report*

To the Governing Board of the City/County Association of  
Governments of San Mateo County  
Redwood City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City/County Association of Governments of San Mateo County (C/CAG), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise C/CAG's basic financial statements and have issued our report thereon dated November 5, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered C/CAG's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of C/CAG's internal control. Accordingly, we do not express an opinion on the effectiveness of C/CAG's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

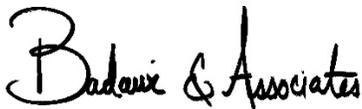
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether C/CAG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Badawi & Associates, CPAs  
Emeryville, California  
November 5, 2025

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Independent Auditor's Report*

To the Honorable Director and Members of the Board  
of the City/County Association of Governments of San Mateo County  
Redwood City, California

**Report on Compliance for Each Major Federal Program**

*Opinion on Each Major Federal Program*

We have audited the City/County Association of Governments of San Mateo County (C/CAG)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of C/CAG's major federal programs for the year ended June 30, 2025. C/CAG's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, C/CAG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of C/CAG and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of C/CAG's compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to C/CAG's federal programs.

### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about C/CAG's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding C/CAG's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of C/CAG's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of C/CAG's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Honorable Director and Members of the Board of Directors  
of the City/County Association of Governments of San Mateo County  
Redwood City, California  
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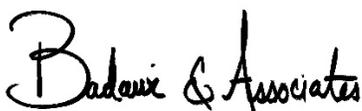
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of C/CAG, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise C/CAG's basic financial statements. We issued our report thereon dated November 5, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Badawi & Associates, CPAs  
Emeryville, California  
February 12, 2026, except for the Schedule of Expenditures  
of Federal Awards, which is as of November 5, 2025

**City/County Association of Governments of  
San Mateo County**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2025**

| Federal Grantor/Pass-Through<br>Grantor Program Title   | Assistance<br>Listing<br>Number | Agency or<br>Pass-Through<br>Number | Federal<br>Expenditures | Payment to<br>Subrecipient |
|---|---------------------------------|-------------------------------------|-------------------------|----------------------------|
| <b><u>U.S. Department of Transportation</u></b>   |                                 |                                     |                         |                            |
| <i>Passed through California Department of Transportation</i>                                     |                                 |                                     |                         |                            |
| Highway Planning and Construction<br><i>Passed through Metropolitan Transportation Commission</i> | 20.205                          | CLMNI 6419(034)                     | \$ 680,307              | \$ 680,307                 |
| Highway Planning and Construction   | 20.205                          | STPLNI-6084(284)                    | 1,718,847               | -                          |
| <b>Total U.S. Department of Transportation</b>  |                                 |                                     | <u>2,399,154</u>        | <u>680,307</u>             |
| <b><u>U.S. Environmental Protection Agency</u></b>  |                                 |                                     |                         |                            |
| Geographic Programs - San Francisco Bay Water<br>Quality Improvement Fund                         | 66.126                          |                                     | 754,249                 | -                          |
| <b>Total U.S. Environmental Protection Agency</b>   |                                 |                                     | <u>754,249</u>          | <u>-</u>                   |
| <b>Total Federal Expenditures</b>   |                                 |                                     | <u>\$ 3,153,403</u>     | <u>\$ 680,307</u>          |

**City/County Association of Governments of  
San Mateo County**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2025**

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**A. Reporting Entity**

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the City/County of Governments of San Mateo County, California.

**B. Summary of Significant Accounting Policies**

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

**C. Pass-Through Entities' Identifying Number**

When federal awards were received from a pass-through entity, the Schedule shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, C/CAG determined that no identifying number is assigned for the program or C/CAG was unable to obtain an identifying number from the pass-through entity.

**D. Indirect Costs**

C/CAG has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**City/County Association of Governments of  
San Mateo County  
Schedule of Findings and Questioned Costs  
For the year ended June 30, 2025**

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Types of auditors’ report issued on whether financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None noted

Any noncompliance material to the financial statements noted? No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None noted

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a)? No

Identification of major programs:

| <u>Assistance Listing Number(s)</u> | <u>Name of Federal Program or Cluster</u>                              | <u>Expenditures</u> |
|-------------------------------------|--|---------------------|
| 66.126                              | Geographic Programs - San Francisco Bay Water Quality Improvement Fund | \$ 754,249          |
|                                     | <b>Total Expenditures of All Major Federal Programs</b>                | <b>\$ 754,249</b>   |
|                                     | <b>Total Expenditures of Federal Awards</b>                            | <b>\$ 3,153,403</b> |
|                                     | <b>Percentage of Total Expenditures of Federal Awards</b>              | <b>23.9%</b>        |

Dollar threshold used to distinguish between type A and type B program \$750,000

Auditee qualified as low-risk auditee under section 200.520? Yes

**City/County Association of Governments of  
San Mateo County  
Schedule of Findings and Questioned Costs  
For the year ended June 30, 2025**

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**Section II - Current Year Findings**

**A. Financial Statement Audit**

No current year financial statement audit findings.

**B. Federal Award Program Audit**

No current year federal award program audit findings.

**City/County Association of Governments of  
San Mateo County  
Schedule of Findings and Questioned Costs  
For the year ended June 30, 2025**

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**Section II - Prior Year Findings**

**A. Financial Statement Audit**

No prior year financial statement audit findings.

**B. Federal Award Program Audit**

**2024-001: Suspension and Debarment Check (Significant Deficiency)**

***Criteria:***

Per 2 CFR 200.214, when an entity enters into a covered transaction using federal awards with a vendor, the entity must verify that the vendor is not debarred, suspended, or otherwise excluded from receiving or participating in Federal award. The entity can do this by:

- (a) Checking SAM.gov Exclusions; or
- (b) Collecting a certification from that entity; or
- (c) Adding a clause or condition to the covered transaction

***Condition:***

C/CAG was unable to provide proof that it performed a suspension and debarment check on one of two vendors tested. C/CAG did not have evidence of a SAM.gov check on the vendor, or a timely certification from that vendor, or a clause or condition in the contract with that vendor asserting they were not suspended or debarred.

***Cause:***

The vendor had been selected for an earlier similar non-Federally-funded project, and the new amended contract did not include the suspension/debarment clause as required by C/CAG's policy.

***Effect:***

One vendor of two tested vendors did not have sufficient evidence that they were not debarred or suspended from participating in Federal award activities.

***Status:***

This vendor has now been checked for suspension and debarment. This finding has been addressed.

**City/County Association of Governments of  
San Mateo County  
Schedule of Findings and Questioned Costs  
For the year ended June 30, 2025**

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**Section II – Prior Year Findings, Continued**

**B. Federal Award Program Audit, Continued**

**2024-001: Suspension and Debarment Check (Significant Deficiency), Continued**

*Management's Response:*

C/CAG acknowledges the prior-year finding related to suspension and debarment verification procedures and confirms that the issue has been fully addressed and resolved. The finding resulted from a single, isolated circumstance associated with a contract transition from non-federal to federal funding.

On March 13, 2025, the C/CAG Board approved an updated Procurement Policy that included the updated suspension and debarment language. During FY 2025, C/CAG implemented corrective actions described in the prior year management response and has institutionalized these controls as part of its standard procurement and contract administration practices. These actions include:

- **Verification and Documentation:** C/CAG confirmed the vendor identified in the prior finding was not suspended or debarred and retained appropriate documentation in the contract file.
- **Standardized Contract Language:** C/CAG updated its contract templates as well as procurement policy to include suspension and debarment language for all contracts, regardless of funding source, ensuring compliance in cases where funding later transitions to federal funds.
- **Established Procedures:** C/CAG now requires either a SAM.gov exclusion check or vendor certification prior to contract execution for all agreements.
- **Staff Training and Oversight:** Staff involved in procurement and grant administration have completed training on federal procurement requirements, including suspension and debarment compliance. The management team is implementing training for newly onboarded staff to ensure they are fully informed of and compliant with established policies and procedures.

As a result of these actions, no similar issues were identified during the FY 2025 audit. C/CAG remains committed to maintaining strong internal controls and full compliance with federal regulations and will continue to monitor and refine its procedures as needed.